57th ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

CONTENTS

COMPANY'S INFORMATION

BOARD OF DIRECTORS

CHAIRMAN: & CHIEF EXECUTIVE:	**Mr. Habib Ullah**
DIRECTORS:	Mr. Shahid Aziz (Nominee of NIT) Mr. Hussain Ahmed Ozgen Ch. Mohammad Yasin Mr. Hussain Ahmad Qureshi Syed Obaid ul Haq Rao Khalid Pervaiz

AUDIT COMMITTEE

CHAIRMAN:	Mr. Hussain Ahmad Qureshi
MEMBERS:	Mr. Shahid Aziz Syed Obaid ul Haq

HUMAN RESOURCE & REMUNERATION COMMITTEE:

CHAIRMAN:	Mr. Hussain Ahmad Ozgen
MEMBERS:	Mr. Shahid Aziz Rao Khalid Pervaiz

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER	Mr. M.F. Zaman Qureshi FCA
BANKERS:	NIB Bank Limited Faysal Bank Limited Silk Bank Limited Meezan Bank Ltd. Habib Metropolitan Bank MCB Bank Limited
AUDITORS:	M/S Riaz Ahmed & Company Chartered Accountants 2-A, ATS Centre, 30-West, Fazal ul Haq Road, Blue Area Islamabad
LEGAL ADVISER:	M/S Hassan & Hassan Advocates PAAF Building , 7-D, Kashmir Egerton Road, Lahore.
REGISTRAR:	Corplink (Pvt) Ltd. Wings Arcade, 1-K, Commercial Model Town, Lahore.
REGISTERED OFFICE & MILLS AT:	Industrial Area Westridge , Rawalpindi Telephone: 051-5181981, 5181977-78 Fax: 051-5181979 E-mail:dmtm@dmtextile.com.pk E-mail:dmtextilemills@yahoo.com Website: www.dmtextile.com.pk

VISION STATEMENT

We D. M. Textile Mills Ltd. aim at seeing our mills to be a good manufacturing unit producing high quality yarn by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customers' satisfaction. We wish to play an honourable role in the spinning sector by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

- To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive standard quality environment.
- To make strenuous efforts to enhance profitability of the company ensuring a fair return to the investors, shareholders and employees of the company.
- To exercise maximum care for improvement of standard of quality of our products by employing a team of highly skilled technicians and professional managers.
- To strive hard to explore / develop new markets for the sale of our products in export and local markets.
- To improve customers' satisfaction level by adhering strictly to standard quality requirement of our customers in local and export markets and by improving communications with customers for receiving prompt feed back about quality standard of our products.
- To attend for the prompt resolution of customers' complaints by taking timely corrective measures to redress the quality complaints.
- To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.
- To make comprehensive arrangements for the training of our workers / technicians.
- To improve team work, sense of transparency, creativity in our professionals and technical personnel.

Habib Ullah
Chief Executive

Hussasin Ahmad Qureshi
Director

Rawalpindi Dated: October 09, 2014

STATEMENT OF ETHICS AND BUSINESS PRACTICES

D M Textile Mills Limited has laid down the following Ethics and Business Practices , the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these Ethics and Business Practices is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. **Conflict of interest.**

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

a) In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.
b) The staff members should not engage in any outside business while serving the company.
c) Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. **Confidentiality**

All staff members are required not to divulge any secrets / informations of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. **Kickbacks**

All staff members are strictly forbidden not to accept any favour, gifts or kick backs from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. **Proper Books of Accounts.**

All funds, receipts and disbursements should be properly recorded in the books of accounts of the company. No false or fictitious entries should be made or misleading statements pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. **Relationship with Government officials, suppliers, buyers and agents etc.**

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult with the management.

6. **Health and Safety**

Every staff member is required to take care of his health and safety and of those working with him. The management is responsible for keeping its staff members insured as per government rules and regulations.

7. **Environment**

To preserve and protect the environment, all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities and strive continuously to improve environmental awareness and protections.

8,. **Alcohol and Drugs etc.**

All types of gambling and betting at the company's work place are strictly forbidden. Also taking of any alcohols or drugs inside the work places is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. **Coordination among staff members to maintain Discipline.**

All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work is carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. **Workplace harassment**

All members of the staff will provide an environment that is free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

Habib Ullah
Chief Executive

Hussasin Ahmad Qureshi
Director

Rawalpindi Dated: October 09, 2014

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation No. 35 of the Listing Regulations of the Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes :

Category	Names
Executive Directors	Mian Habib Ullah Hussain Ahmad Qureshi Rao Khalid Pervaiz
Non-Executive Directors	Syed Obaid ul Haq
Independent Directors	Hussain Ahmad Ozgen Ch. Muhammad Yasin Shahid Aziz (Nominee of NIT)

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board of Directors of the Company during the year. However, during the year, election of Directors was held for the next term held on 31 January 2014 and seven Directors were elected as fixed by the Board.

5. The Company has prepared a **“Code of Conduct”** and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The Minutes of the meeting were appropriately recorded and circulated.

9. The Board has been provided with detailed in house briefings and information package to acquaint them with the CCG, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of the shareholders.

10. No new appointments of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit were made during the year. No changes to the remuneration, terms and conditions of CFO, Company Secretary and Head of Internal Audit were made during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors including the Chairman of the Committee.

16. The meetings of the Audit Committee were held atleast once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of three members and the chairman of the committee is an independent director.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, executives and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

FOR AND ON BEHALF OF THE BOARD

Habib Ullah
Chief Executive

Hussasin Ahmad Qureshi
Director

Dated: October 09, 2014

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at factory premises at industrial area, Westridge, Rawalpindi, **on Friday, October 31, 2014,** at **05:00 PM,** to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the last Extra Ordinary General Meeting of the Company held on 31-01-2014.
2. To receive, consider and adopt the annual audited accounts of the company for the year ended 30 June 2014 together with directors' and auditors' reports thereon.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and approve the proposal to offer a suitable piece of surplus land at the premises of factory to NIB Bank Ltd in settlement of their outstanding loans and to pass the following resolution, with or without modification, as a Special Resolution:

   Resolved that a suitable piece of surplus land at the premises of factory be offered to NIB Bank Ltd in settlement of their outstanding loans.

   Further Resolved that Mian Habib Ullah, Chief Executive Officer and Rao Khalid Pervaiz, Director of the Company be and are hereby authorized to jointly sign the agreement and give effect to this resolution.
5. To transact any other business with the permission of the chair.

   Statement under section 160(1)(b) of the Companies Ordinance, 1984 is annexed.

Rawalpindi | **By the order of the Board**

Date: October 09, 2014 | **M.F. ZAMAN QURESHI, FCA**

Company Secretary

Notes:

1. The members' register will remain closed from **24 October 2014 to 31 October 2014** (both days inclusive).Transfers received at Share Registrar Office, Corplink (Pvt) Ltd, Wings Arcade, 1-K, Commercial, Model Town, Lahore or our registered office by the close of business on **23**rd October 2014 will be entertained.
2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:
   a. For attending the meeting
      I). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

ii). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting

b. For appointing proxies

i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii). The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv). The proxy shall produce his original CNIC or original passport at the time of the meeting.

v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Statement material facts under Section 160(1)(b) of the Companies Ordinance, 1984

The Board of Directors have decided to settle the outstanding loans of NIB Bank limited amounting to Rs.109,087,242. This will considerably reduce the financial liabilities of the Company. For this purpose the Board has proposed that a suitable piece of surplus land at the premises of the factory be offered to NIB Bank Limited, after carrying out evaluation by a recognized valuator, in settlement of the outstanding loans. It is proposed to place the following resolution before the shareholders at the Annual General Meeting to be passed as a Special Resolution, with or without modification:

Resolved that a suitable piece of surplus land at the premises of factory be offered to NIB Bank Ltd in settlement of their outstanding loans.

Further Resolved that Mian Habib Ullah, Chief Executive Officer and Rao Khalid Pervaiz, Director of the Company be and are hereby authorized to jointly sign agreement with the bank and give effect to this resolution.

Rawalpindi

Date: October 09, 2014

By the order of the Board

M.F. ZAMAN QURESHI, FCA
Company Secretary
D.M. TEXTILE MILLS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors welcome you to the 57th Annual General Meeting of D.M. Textile Mills Ltd and present audited accounts and annual report of the company for the year ended June 30, 2014 along with Auditors' Report thereon.

1. Net Profit/(Loss)
During the year the company earned a net profit of Rs. 139.418 Million as compared to previous year net loss of Rs. (33.791) Million.

Due to comparatively better market conditions and efforts of the management, the company resumed its operations from May 2013 but due to energy & marketing crises and high inflation costs the Mills has temporarily suspended its production process in March 2014.

2- Comparative financial results are given below:

	Rupees in Thousand	
Year Ended on	**30-06-2014**	**30-06-2013**
Gross Sales	428,822	44,346
Cost of Sales	(406,944)	(66,546)
Gross Profit/(Loss)	21,877	(22,199)
Gross Profit/(Loss) Rate (%)	5.10%	(0.50)%
Selling, Admin & Other operating Expenses	(15,491)	(13,755)
Other Operating Income	150,817	33,165
Financial and Other Charges	(15,331)	(24,851)
Provision for Taxation	(2,453)	(6,150)
Profit / (Loss) after taxation	139,418	(33,791)
Basic Earning/(Loss) per share in Rs	45.67	(11.07)
Breakup Value per share in Rs	164.53	118.95

3- Production Results.

Year Ended		**30-06-2014**	**30-06-2013**
Actual production yarn	Kgs	1,438,482	157,944
Converted production yarn 20's	Kgs	3,559,449	408,632

4- Debt Servicing
During the period final settlement agreement with M/s NIB Bank Limited has been reached. Further Mian Habib Ullah CEO of the company is in the process of negotiating with other debt provider companies and banks so as to reduce the financial liabilities of the company.

5- Dividend
The Directors have not recommended any dividend due to accumulated loss.

6- Directors have granted specific approval for the following transactions/adjustments mentioned in the financial statements:

✐ Property, plant and equipment - owned	Rupees
✐ Cost of additions	1,272,800
Long outstanding creditors written back	490,577
Donations	95,600
Gain on settlement with NIB Bank Ltd	126,997,676
Provision for gratuity	650,245
Transactions with related parties:	
Loan adjusted / paid of close family members of CEO	3,870,000
Loan obtained during the year from CEO	24,507,350
Adjustment/payment against outstanding balance of CEO	70,031,890

Directors have also granted general approval for following transactions in the financial statements.

a. Approval of expenditures including Capital expenditure.

b. Advances given in note 21

7- Statement on Corporate and Financial Reporting Frame Work

a) The financial statements prepared by the management of the Company, present fairly the state of affairs, the results of its operations, cash flow and changes in equity.

b) Company has maintained proper books of accounts.

c) In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments.

d) International Accounting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

G) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Key Operating and Financial Data for the last six years in summarized form and is annexed to the Annual Report.

i) There are no overdue taxes and levies as on June 30, 2014 except reported in note No. 13 under contingencies and commitments in the balance sheet.

j) Pattern of Shareholding and Additional information is also annexed to the Annual Report.

k) During the year under review there has been no trading in shares of company by Directors, Chief Executive, Chief Financial Officer/ Company Secretary, their spouses and minor children.

l) During the year five meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Directors	No. of Meetings attended
Mr. Habib Ullah	5
Mr. Shahid Aziz (Nominee of NIT)	5
Hussain Ahmed Ozgen	5
Ch Mohammad Yasin	2
Mr. Hussain Ahmed Qureshi	5
Syed Obaid-ul-Haq	4
Rao Khalid Pervaiz	5

Directors who could not attend Board Meetings due to illness or other engagements were granted leave of absence in accordance with the law.

m) Messrs. Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore is our share registrar under section 204-A of the companies ordinance 1984

8- Future Prospects & Plans

Due to energy & marketing crises and high inflation costs the Mills has temporarily suspended its production process. The management is trying to avail suppliers' credit for raw material to continue the operations of the Mills.

9- Auditors

The retiring Auditors M/s. Riaz Ahmad & Company Chartered Accounts being eligible offer themselves for re-appointment.

10- Remarks on Auditors' Report & Review Report to the members:

(Quote: 1)

As at 30 June 2014 the company's accumulated loss was Rupees 100.061 million due to which total equity stood at negative balance of Rupees 69.536 million. As of that date the company's current liabilities exceeded its current assets by Rupees 174.135 million. Financing from banking companies and liabilities against assets subject to finance lease includes overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed for seventy six days during the year due to non-supply of captive power gas and shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis.

(Unquote: 1)

It is clarified that the company has renegotiated its outstanding loans due towards M/s. NIB Bank Ltd during the financial year. As a result settlement has been reached with NIB Bank Ltd for repayment of the liabilities. Further, the management is trying its level best to negotiate with other debt provider companies including banks for rescheduling and restructuring of loans and is hopeful to settle amicably in the current financial year. Due to the settlement reached/to be reached with the debt providers, the Management has prepared the accounts on going concern basis.

(Quote: 2)

As more fully explained in Note 15 to the financial statements, the company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the company's name due to the want of completion of legal formalities. Directions were given for

transferring the property in the name of the company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. The Chief Executive Officer of the company filed an appeal before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the Chief Executive Officer (CEO) at the fixed floor price of Rupees 75 million. SECP in its order dated 29 November 2007 also ordered to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the company's account, by directors who are penalized under the order. We could not ensure compliance with the above direction of SECP in the absence of any working prepared by the management and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property.
(Unquote:2)

As stated by the Auditors, the property could not be transferred in the name of the Company due to the want of completion of legal formalities. CEO filed an appeal before the Lahore High Court Rawalpindi Bench against the above mentioned SECP Order and the court granted stay order. The matter is still pending adjudication before the Honourable Court. Keeping in view the financial position of the company and the legal formalities, the Board of Directors discussed this issue several times and finally decided to offer the first right of refusal to the CEO at fixed floor price of Rs.75 Million. As a result the company gained Rs.20.148 Million; hence this long outstanding issue stands resolved. We do not agree with the auditors' observation as the Board had fully satisfied itself with the evaluation of the property by a qualified valuator on the approved list of the Pakistan Banks Association.

(Quote: 3)
in our opinion and to the best of our information and according to the explanations given to us, because of the effects of matters discussed in paragraph (i) and (ii) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan and do not give a true and fair view of the state of the company's affairs as at 30 June 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended. In all other respects, in our opinion the financial statements give the information required by the Companies Ordinance, 1984, in the manner so required; and
(Unquote: 3)

The Board of Directors is of the view that the company follows the approved accounting standards as applicable in Pakistan and the accounts do give a true and fair view of the state of company's affairs as at 30 June 2014 in the light of the facts stated above.

(Quote:4)
No director of the company has obtained certification under Directors' Training Programme in contravention of clause xi of the Code;
(Unquote: 4)

The company is passing through severe financial problems and can not afford high costs of Director's Training. However, the Board of Directors do have plan to arrange training programme as soon as the company is in position to do so.

(Quote:5)
The Chairman of the Board of Directors and Chief Executive Officer of the company are the same persons and is appointed amongst the executive directors in contravention of clause vi of the Code;
(Unquote: 5)

The requirement of the Code of Corporate Governance will be complied with after next election of Directors.

(Quote:6)
The Human Resource and Management Committee does not comprise of majority of non-executive directors in contravention of clause xxv of the Code;
(Unquote: 6)

The Board is in the process to change the composition of this committee in accordance with the Code of Corporate Governance.

(Quote:7)
No mechanism is put in place for an annual evaluation of the board's own performance in contravention of clause v(e) of the Code;
(Unquote: 7)

The Board is working on formation of annual evaluation mechanism.

(Quote:8)
Head of Internal Audit does not fulfill the appointment criteria mentioned in clause xiv of the Code; and
(Unquote: 8)

The company is making efforts to fulfill the requirement. However, professionals are not willing to join the company due to various reasons.

11- Acknowledgment

The directors wish to place on record their acknowledgment for the cooperation extended by the financial institutions. Appreciation is also due to the employees of the company for their hard work and devoted efforts for the betterment of the Company.

For and behalf of the Board of Directors

Habib Ullah
Chief Executive

Hussasin Ahmad Qureshi
Director

Rawalpindi: October 09, 2014

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **D.M. Textile Mills Limited** for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange and the Islamabad Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, we report that:

- No director of the company has obtained certification under Directors' Training Programme in contravention of clause xi of the Code;

- The Chairman of the Board of Directors and Chief Executive Officer of the company are the same persons and is appointed amongst the executive directors in contravention of clause vi of the Code;

- The Human Resource and Management Committee does not comprise of majority of non-executive directors in contravention of clause xxv of the Code;

- No mechanism is put in place for an annual evaluation of the board's own performance in contravention of clause v(e) of the Code;

- Head of Internal Audit does not fulfill the appointment criteria mentioned in clause xiv of the Code; and

- The Company has not complied with the corporate and financial reporting requirements of the Code. The financial statements of the Company have not been prepared in accordance with approved accounting standards as applicable in Pakistan. Therefore, the financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its comprehensive profit, its cash flows and changes in equity for the year then ended.

Based on our review, with the exception of the matters described in the preceding paragraphs, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: October 09,2014

Islamabad

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **D.M. TEXTILE MILLS LIMITED** as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(i) As at 30 June 2014 the company's accumulated loss was Rupees 100.061 million due to which total equity stood at negative balance of Rupees 69.536 million. As of that date the company's current liabilities exceeded its current assets by Rupees 174.135 million. Financing from banking companies and liabilities against assets subject to finance lease includes overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed for seventy six days during the year due to non-supply of captive power gas and shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis.

(ii) As more fully explained in Note 15 to the financial statements, the company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. The Chief Executive Officer of the company filed an appeal before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the Chief Executive Officer (CEO) at the fixed floor price of Rupees 75 million. SECP in its order dated 29 November 2007 also ordered to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the company's account, by directors who are penalized under the order. We could not ensure compliance with the above direction of SECP in the absence of any working prepared by the management and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property.

(a) Except for the effects of matters discussed in paragraphs (i) and (ii) above, in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i. Except for the effects of matters discussed in paragraph (i) and (ii) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policy as stated in Note 2.2 to the financial statements, with which we concur;

ii. the expenditure incurred during the year was for the purpose of the company's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, because of the effects of matters discussed in paragraph (i) and (ii) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not confirm with approved accounting standards as applicable in Pakistan and do not give a true and fair view of the state of the company's affairs as at 30 June 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended. In all other respects, in our opinion the financial statements give the information required by the Companies Ordinance, 1984, in the manner so required; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: October 09,2014
Islamabad

BALANCE SHEET AS

	NOTE	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (2013: 5,000,000) ordinary shares of Rupees 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up share capital	3	30,524,290	30,524,290
Accumulated loss		(100,060,680)	(241,357,152)
Total equity		(69,536,390)	(210,832,862)
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4	571,747,498	573,920,088
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	60,707,691	-
Liabilities against assets subject to finance lease	6	-	-
Employees' retirement benefit	33	8,970,509	8,158,433
Deferred income tax liability	7	65,080,451	67,784,307
Deferred mark-up	8	1,453,503	3,028,501
		136,212,154	78,971,241
CURRENT LIABILITIES			
Trade and other payables	9	100,053,371	115,575,659
Accrued mark-up	10	54,868,148	131,391,394
Short term borrowings	11	29,376,132	127,363,917
Current portion of non-current liabilities	12	14,725,469	85,907,555
		199,023,120	460,238,525
Total liabilities		335,235,274	539,209,766
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		837,446,382	902,296,992

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

AT 30 JUNE 2014

	NOTE	2014 Rupees	2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	774,198,872	787,975,327
Advance against property	15	-	51,150,000
Long term investments	16	-	-
Due from related party	17	13,918,838	-
Long term deposits		24,440,861	24,282,046
		812,558,571	863,407,373
CURRENT ASSETS			
Stores, spare parts and loose tools	18	7,340,467	6,236,914
Stock-in-trade	19	3,875,196	16,179,288
Trade debts	20	567,120	-
Advances	21	344,887	447,912
Short term deposits	22	2,000,000	2,000,000
Other receivables	23	7,709,920	11,487,397
Short term investments	24	2,915,763	2,083,221
Cash and bank balances	25	134,458	454,887
		24,887,811	38,889,619
TOTAL ASSETS		837,446,382	902,296,992

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 Rupees	2013 Rupees Restated
SALES	26	428,822,118	44,346,084
COST OF SALES	27	(406,944,124)	(66,546,072)
GROSS PROFIT / (LOSS)		21,877,994	(22,199,988)
DISTRIBUTION COST	28	(2,070,928)	(922,483)
ADMINISTRATIVE EXPENSES	29	(12,790,306)	(12,004,939)
OTHER EXPENSES	30	(630,600)	(828,490)
		(15,491,834)	(13,755,912)
		6,386,160	(35,955,900)
OTHER INCOME	31	150,817,982	33,165,266
PROFIT / (LOSS) FROM OPERATIONS		157,204,142	(2,790,634)
FINANCE COST	32	(15,331,443)	(24,851,008)
PROFIT / (LOSS) BEFORE TAXATION		141,872,699	(27,641,642)
TAXATION	34	(2,453,985)	(6,150,174)
PROFIT / (LOSS) AFTER TAXATION		139,418,714	(33,791,816)
EARNINGS / (LOSS) PER SHARE-BASIC AND DILUTED (Rupees)	35	45.67	(11.07)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	2014 Rupees	2013 Rupees Restated
PROFIT / (LOSS) AFTER TAXATION	139,418,714	(33,791,816)
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	(1,164,451)	149,097
Related deferred tax	384,269	(49,202)
	(780,182)	99,895
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year - net of tax	(780,182)	99,895
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	138,638,532	(33,691,921)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 Rupees	2013 Rupees Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	36	20,109,030	(19,247,737)
Finance cost paid		(2,343,436)	(605,827)
Deferred mark-up paid		(1,820,000)	(1,820,000)
Income tax paid		(481,070)	(943,874)
Gratuity paid		(1,002,620)	(553,840)
Net increase in long term deposits		(158,815)	(793,340)
Net cash generated from / (used in) operating activities		14,303,089	(23,964,618)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	20,600,000
Capital expenditure on property, plant and equipment		(1,272,800)	(4,165,455)
Due from related party		8,809,981	-
Net cash (used in) / from investing activities		7,537,181	16,434,545
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(9,636,215)	(10,787,817)
Repayment of long term financing		(11,000,000)	-
Short term borrowings - net		(1,524,484)	18,389,195
Net cash from financing activities		(22,160,699)	7,601,378
Net (decrease) / increase in cash and cash equivalents		(320,429)	71,305
Cash and cash equivalents at the beginning of the year		454,887	383,582
Cash and cash equivalents at the end of the year		134,458	454,887

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL EQUITY
	------------------- (Rupees) -------------------		
Balance as at 30 June 2012	30,524,290	(210,541,133)	(180,016,843)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax		2,875,902	2,875,902
Loss for the year - restated	-	(33,791,816)	(33,791,816)
Other comprehensive income for the year - restated	-	99,895	99,895
Total comprehensive loss for the year ended 30 June 2013	-	(33,691,921)	(33,691,921)
Balance as at 30 June 2013	30,524,290	(241,357,152)	(210,832,862)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,657,940	2,657,940
Profit for the year	-	139,418,714	139,418,714
Other comprehensive loss for the year	-	(780,182)	(780,182)
Total comprehensive income for the year ended 30 June 2014	-	138,638,532	138,638,532
Balance as at 30 June 2014	30,524,290	(100,060,680)	(69,536,390)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. THE COMPANY AND ITS OPERATIONS

D.M. Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and listed on Karachi and Islamabad Stock Exchanges in Pakistan. Its registered office is situated at Westridge, Rawalpindi. The Company is engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for property, plant and equipment and certain financial instruments which are carried at their fair values.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Defined benefit plan

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provisions for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Amendments to published approved standards that are effective in current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2013:

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income. IAS 19 (Amendments) 'Employee Benefits' (effective for annual periods beginning on or after 01 January 2013. These amendments require actuarial gains and losses to be recognized immediately in other comprehensive income and to immediately recognize all past service costs.

This change has eliminated the ability for entities to recognize all changes in the defined benefits obligation in profit and loss, which was previously allowed under IAS 19. The impact of these amendments on these financial statements has been explained in Note 2.2 to the financial statements.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 2011 Cycle, incorporating amendments to five IFRSs more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation' that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) Standards, interpretation and amendments to published standards that are effective in current year but not relevant to the Company

There are other standards, new interpretation and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards, interpretation and amendments to published standards that are not yet effective but relevant to the Company

Following standards, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2014 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 01 January 2015).This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 'Fair Value Measurement', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Company's financial statements.

g) Standards and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates unfunded unapproved gratuity scheme for permanent employees of the Company, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to gratuity benefits.

As disclosed in Note 2.1(d) to these financial statements, during the year, consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on or after 01 January 2013, the Company has changed its accounting policy wherein, the actuarial gains and losses (measurement gains / losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income. Previously, the actuarial gains / losses were recognized immediately in profit and loss account.

In accordance with the transitional provisions of IAS 19, the change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated as below:

	2014 Rupees	2013 Rupees
Impact on profit and loss account		
Increase in profit / (loss) before tax	1,164,451	(149,097)
Increase / (decrease) in tax expenses	384,269	(49,202)
Increase in profit / (loss) after tax	780,182	(99,895)
Increase in earnings / (loss) per share (Rupees)	0.026	(0.003)
Impact on other comprehensive income		
Net actuarial loss / (gain) recognized in other comprehensive income		
	1,164,451	
	(149,097)	
Related deferred tax	384,269	(49,202)

This change has no impact on the balance sheet as the Company has no unrecognized actuarial gains or losses. Therefore, balance sheet at the beginning of the preceding period has not been presented.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.5 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against the surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on assets' original cost is transferred from surplus on revaluation of property, plant and equipment to accumulated loss. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Leased

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 14. The depreciation on additions is charged from the date the asset is available for use and on deletion up to the date when asset is de-recognized. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.6 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

a) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

2.7 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

(i)	For raw materials:	Weighted average basis.
(ii)	For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.8 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.9 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.10 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

2.11 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.13 Share capital

Ordinary shares are classified as share capital.

2.14 Revenue recognition

Revenue from different sources is recognized as under:

a) Revenue from sale of goods is recognized on dispatch of goods to customers.

b) Rental income is recognized on accrual basis.

c) Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.15 Financial instruments

Financial instruments carried on the balance sheet include due from related party, investments, deposits, trade debts, advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instrument at fair value through profit or loss” which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.16 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.17 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2014	2013		2014	2013
(Number of shares)			Rupees	Rupees
2,952,429	2,952,429	Ordinary shares of Rupees 10 each fully paid-up in cash	29,524,290	29,524,290
100,000	100,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,000,000	1,000,000
3,052,429	3,052,429		30,524,290	30,524,290

4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX

	2014	2013
Opening balance	573,920,088	576,267,065
Deferred tax adjustment due to change in tax rate	485,350	528,925
Transferred to accumulated loss in respect of incremental depreciation charged during the year	(3,967,074)	(4,357,428)
Related deferred income tax liability	1,309,134	1,481,526
	(2,657,940)	(2,875,902)
	571,747,498	573,920,088

5 LONG TERM FINANCING

	NOTE	2014	2013
Financing from banking companies - secured	5.1	72,207,691	73,193,999
Less: Current portion shown under current liabilities	12	11,500,000	73,193,999
		60,707,691	-

5.1 During the year the Company entered into settlement agreement with NIB Bank Limited. Pursuant to the agreement, long term financing and short term borrowings including related mark-up were reduced to Rupees 121.087 million. Remaining balance is interest free and is repayable in 100 monthlyinstalments. In case of default, the settlement agreement or any of its arrangement shall stand cancelled / withdrawn. Consequently, the Bank will be entitled to recover outstanding amount as per books of ledger. In accordance with the requirments of IAS 39 'Financial Instruments: Recognition and Measurement' it has been stated at present value using effective interest rate of 9.42%. Gain on settlement of these liabilities has been accounted for as other income. These are secured against first equitable charge of Rupees 360 million on land, building and machinery, hypothecation of current assets and personal guarantees of sponsor directors.

	NOTE	2014 Rupees	2013 Rupees
6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Future minimum lease payments		1,658,531	11,501,074
Less: Unamortized finance charges		(8,060)	(214,388)
Present value of future minimum lease payments		1,650,471	11,286,686
Less: Current portion shown under current liabilities	12	1,650,471	11,286,686
		-	-

6.1 The Company entered into settlement agreements with Saudi Pak Leasing Company Limited and First Dawood Investment Bank Limited. Pursuant to the agreements, liabilities against assets subject to finance lease including related mark-up and deferred mark-up were reduced by Rupees 30.003 million. Remaining balance is payable in equal monthlyinstalments and has been stated at present value using effective interest rate of 9.75%.

In case of default, the settlement agreements shall stand cancelled / withdrawn. Consequently, the lessor will be entitled to recover outstanding amount as per books of ledger. Taxes, repairs and insurance cost are to be borne by the Company. These are secured against charge on leased assets, personal guarantees of sponsor directors.

	2014 Rupees	2013 Rupees
7 DEFERRED INCOME TAX LIABILITY		
This comprises of following :		
Taxable temporary differences		
Accelerated tax depreciation	33,847,330	36,212,290
Surplus on revaluation of property, plant and equipment	14,707,431	16,501,916
Liabilities against assets subject to finance lease	19,488,620	17,889,205
	68,043,381	70,603,411
Deductible temporary differences		
Provision for gratuity	(2,960,268)	(2,773,867)
Overdue mark-up of leased liability	(2,662)	(45,237)
	(2,962,930)	(2,819,104)
	65,080,451	67,784,307

7.1 Deferred income tax asset of Rupees 43.566 million (2013: Rupees 79.577 million) has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.

	NOTE	2014 Rupees	2013 Rupees
8 DEFERRED MARK-UP			
Deferred mark-up - long term financing	8.1	3,028,501	4,455,371
Less : Current portion shown under current liabilities	12	1,574,998	1,426,870
		1,453,503	3,028,501

8.1 MCB Bank Limited deferred payment of capitalized mark-up of Rupees 12.455 million repayable in twenty seven equal quarterly installments of Rupees 455,000 and one installment of Rupees 170,000 in the end commenced from 01 September 2009, after repayment of original demand finance. The deferred mark-up has been stated at present value using effective interest rate of 10%. Deferred mark-up is secured against charge over fixed assets amounting to Rupees 51.288 million.

		2014 Rupees	2013 Rupees
9	**TRADE AND OTHER PAYABLES**		
	Creditors - un-secured	68,244,370	76,963,835
	Advances from customers	2,086,340	5,436,840
	Accrued liabilities	22,136,587	25,553,001
	Withholding tax payable	6,061,127	6,085,521
	Unclaimed dividend	144,947	144,947
	Security deposit	1,380,000	1,380,000
	Others	-	11,515
		100,053,371	115,575,659
10	**ACCRUED MARK-UP**		
	Long term financing	22,912,261	69,999,935
	Liabilities against assets subject to finance lease	8,060	133,050
	Short term borrowings	31,947,827	61,258,409
		54,868,148	131,391,394

		NOTE	2014 Rupees	2013 Rupees
11	**SHORT TERM BORROWINGS**			
	From banking companies - secured			
	Running finance	11.1	-	23,698,540
	Demand finances	11.2	17,544,006	41,738,711
			17,544,006	65,437,251
	From related parties - unsecured and non-interest bearing			
	Chief Executive Officer (C.E.O.)	11.3	4,682,126	50,206,666
	Close family members of C.E.O.	11.3	-	3,870,000
			4,682,126	54,076,666
	Others - unsecured			
	Interest bearing	11.4	6,150,000	4,850,000
	Non-interest bearing	11.3	1,000,000	3,000,000
			29,376,132	127,363,917

11.1 As more fully explained in Note 5.1, during the year the Company entered into settlement agreement with NIB Bank Limited. Pursuant to the agreement, short term borrowings including related mark-up were transferred to long term financing.

11.2 These represent demand finance facilities obtained from Faysal Bank Limited (formally The Royal Bank of Scotland Limited). These are secured against registered hypothecation charge of Rupees 50 million, second supplement agreement of hypothecation on all future and current assets, stocks of raw material, work in process, finished goods, plant and machinery, equipment tools and stores and spares. Rates of mark-up on these finance range from 15% to 20% (2013: 15% to 20%) per annum.

11.3 These are interest free and unsecured loans. Repayment terms and other conditions of these loans are yet to be finalized.

11.4 Rates of mark up on these loans range from 14.43% to 20% (2013: 18% to 20%) per annum. Repayment terms and other conditions of these loans are yet to be finalized.

		NOTE	2014 Rupees	2013 Rupees
12	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Long term financing:			
	Current		9,500,000	-
	Over due		2,000,000	73,193,999
		5	11,500,000	73,193,999
	Finance leases:			
	Current		-	7,444,143
	Over due		1,650,471	3,842,543
		6	1,650,471	11,286,686
	Deferred mark-up:			
	Current	8	1,574,998	1,426,870
			14,725,469	85,907,555

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

(a) Sui Northern Gas Pipelines Limited (SNGPL) Islamabad demanded arrears of Rupees 10.405 million for the period from November 2006 to November 2007 due to doubt on accuracy of meter. The Company filed a case in the Court of Senior Civil Judge Islamabad on 18 December 2007. SNGPL has encashed the bank guarantee amounting to Rupees 15.293 million issued to it by NIB Bank Limited on behalf of the Company. However, Civil Judge Islamabad has rejected SNGPL claim for excessive billing vide order dated 18 December 2012. SNGPL has filed appeal before Additional District and Session Judge, Islamabad, where the case is still pending. No provision has been made in these financial statements as the Company is hopeful for favourable outcome of the case.

(b) The Company has filed an appeal before Lahore High Court, Rawalpindi Bench against the recovery of electricity duty amounting to Rupees 19.07 million on self generation charged by Electric Inspector Islamabad Region. The Court has issued notices to the respondents to file comments. The case is still pending before the Court and the Company, based on advice of legal advisor, is hopeful for favorable outcome.

(c) The Company filed an appeal before Lahore High Court, Rawalpindi Bench, against demand of property tax amounting to Rupees 5.51 million raised by Inspector Military Lands and Cantonments, Rawalpindi. Being aggrieved on decision of Lahore High Court, Rawalpindi Bench, the Company filed appeal before the Supreme Court of Pakistan, whereby, the case has been remanded back to Lahore High Court, Rawalpindi Bench. The Company is hopeful for favorable outcome.

(d) For the tax year 2010, assessment order dated 20 February 2011 was passed under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby demand of tax amounting to Rupees 4.223 million was created. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the case was decided in favour of the Company. However, the department has filed appeal against decision of Commissioner Inland Revenue (Appeals) before Income Tax Appellate Tribunal. The case is still pending and the Company is hoping a favourable outcome.

(e) NIB Bank Limited filed a suit before Lahore High Court against the Company for recovery of outstanding loans and other charges amounting to Rupees 165.041 million. The suit is pending adjudication before Lahore High Court. The Company filed a counter suit against NIB Bank Limited before Islamabad High Court. As more fully explained in Note 5.1, during the year the Company has entered into settlement agreement with NIB Bank Limited. Pursuant to the agreement the Bank and the Company has agreed to withdraw the suit against each other.

(f) Faysal Bank Limited filed a suit before Banking Court Islamabad against the Company for recovery of outstanding loans and other charges amounting to Rupees 21.270 million. The suit is pending adjudication before Banking Court Islamabad.

(g) Guarantee of Rupees 7.140 million (2013: Rupees 0.0399 million) have been given by the banks of the Company to Islamabad Electric Supply Company against sanction of load.

	2014 Rupees	2013 Rupees
13.2 **Commitments**	Nil	Nil

14 Property, Plant and Equipment

	Owned									Leased		
	Freehold land	Buildings on freehold land	Non factory building	Plant and machinery	Electric Installations	Factory equipment	Furniture, fixtures and office equipment	Vehicles	Total	Plant and machinery	Total	Grand Total
	---Rupees---											
At 30 June 2012												
Cost / revalued amount	542,000,000	85,120,378	49,004,235	329,881,694	28,236,305	18,344,299	2,744,965	11,092,948	1,066,424,824	91,749,875	91,749,875	1,158,174,699
Accumulated depreciation	-	(53,271,468)	(22,908,470)	(197,784,494)	(16,036,305)	(11,090,894)	(2,099,300)	(8,522,827)	(311,713,758)	(24,484,618)	(24,484,618)	(336,198,376)
Net book value	542,000,000	31,848,910	26,095,765	132,097,200	12,200,000	7,253,405	645,665	2,570,121	754,711,066	67,265,257	67,265,257	821,976,323
Year ended 30 June 2013												
Opening net book value	542,000,000	31,848,910	26,095,765	132,097,200	12,200,000	7,253,405	645,665	2,570,121	754,711,066	67,265,257	67,265,257	821,976,323
Additions	-	-	-	3,165,000	1,000,455	-	-	-	4,165,455	-	-	4,165,455
Disposals:												
Cost	-	-	-	(32,027,896)	-	-	-	-	(32,027,896)	-	-	(32,027,896)
Accumulated depreciation	-	-	-	11,595,896	-	-	-	-	11,595,896	-	-	11,595,896
	-	-	-	(20,432,000)	-	-	-	-	(20,432,000)	-	-	(20,432,000)
Depreciation charge	-	(3,184,891)	(1,304,788)	(7,333,181)	(1,244,395)	(725,341)	(64,567)	(514,025)	(14,371,188)	(3,363,263)	(3,363,263)	(17,734,451)
Closing net book value	542,000,000	28,664,019	24,790,977	107,497,019	11,956,060	6,528,064	581,098	2,056,096	724,073,333	63,901,994	63,901,994	787,975,327
At 30 June 2013												
Cost / revalued amount	542,000,000	85,120,378	49,004,235	301,018,798	29,236,760	18,344,299	2,744,965	11,092,948	1,038,562,383	91,749,875	91,749,875	1,130,312,258
Accumulated depreciation	-	(56,456,359)	(24,213,258)	(193,521,779)	(17,280,700)	(11,816,235)	(2,163,867)	(9,036,852)	(314,489,050)	(27,847,881)	(27,847,881)	(342,336,931)
Net book value	542,000,000	28,664,019	24,790,977	107,497,019	11,956,060	6,528,064	581,098	2,056,096	724,073,333	63,901,994	63,901,994	787,975,327
Year ended 30 June 2014												
Opening net book value	542,000,000	28,664,019	24,790,977	107,497,019	11,956,060	6,528,064	581,098	2,056,096	724,073,333	63,901,994	63,901,994	787,975,327
Additions	-	-	-	1,080,300	31,000	161,500	-	-	1,272,800	-	-	1,272,800
Depreciation charge	-	(2,866,402)	(1,239,549)	(5,418,917)	(1,197,152)	(662,806)	(58,110)	(411,219)	(11,854,155)	(3,195,100)	(3,195,100)	(15,049,255)
Closing net book value	542,000,000	25,797,617	23,551,428	103,158,402	10,789,908	6,026,758	522,988	1,644,877	713,491,978	60,706,894	60,706,894	774,198,872
At 30 June 2014												
Cost / revalued amount	542,000,000	85,120,378	49,004,235	302,099,098	29,267,760	18,505,799	2,744,965	11,092,948	1,039,835,183	91,749,875	91,749,875	1,131,585,058
Accumulated depreciation	-	(59,322,761)	(25,452,807)	(198,940,696)	(18,477,852)	(12,479,041)	(2,221,977)	(9,448,071)	(326,343,205)	(31,042,981)	(31,042,981)	(357,386,186)
Net book value	542,000,000	25,797,617	23,551,428	103,158,402	10,789,908	6,026,758	522,988	1,644,877	713,491,978	60,706,894	60,706,894	774,198,872
Annual rate of depreciation (%)	-	10	5	5	10	10	10	20		5		

14.1 Depreciation charge for the year has been allocated as follows:

	NOTE	2014 Rupees	2013 Rupees
Cost of sales	27	13,340,377	15,851,071
Administrative expenses	29	1,708,878	1,883,380
		15,049,255	17,734,451

14.2 The revaluation of property, plant and equipment was carried out by an independent valuer Messrs. K.S. Ahmad & Company (Private) Limited as on 30 June 2012 on the basis of depreciated replacement value method. Had there been no revaluation, the cost, accumulated depreciation and book value of revalued property, plant and equipment would have been as follows:

Description	2014			2013
	Historical cost	Accumulated depreciation	Book value	Book value
	------------------------- R u p e e s			--------------------------
Freehold land	113,044	-	113,044	113,044
Building on freehold land	43,190,483	34,253,443	8,937,040	9,930,045
Non factory building	12,505,284	6,425,185	6,080,099	6,400,104
Plant and machinery	262,391,399	176,116,125	86,275,274	90,701,851
Factory equipment	13,565,771	11,987,349	1,578,422	1,775,430
Electric installations	9,332,153	6,197,505	3,134,648	3,450,216
Furniture, fixture and office equipment	2,312,105	1,895,502	416,603	462,892
Vehicles	9,656,160	7,708,984	1,947,176	1,959,072
	353,066,399	244,584,093	108,482,306	114,792,654

15 ADVANCE AGAINST PROPERTY

It represented full consideration of Rupees 51.150 million given as advance for purchase of property. The property could not be transferred in the Company's name due to the want of completion of legal formalities. With reference to this advance, the Director (Enforcement) of Securities and Exchange Commission of Pakistan (SECP) vide his Order dated 29 November 2007 imposed a penalty of Rupees 100,000 on each of the director except one (nominee NIT) of the Company for contravention of Section 196(2j) of the Companies Ordinance, 1984. Further directions were given under section 473 for transferring the property in the name of the Company within thirty days from the Order date. The Chief Executive Officer (C.E.O) of the Company filed a revision application with the Appellate Bench of SECP under section 484 of the Companies Ordinance, 1984 against this Order on 10 January 2008, where the Appellate Bench decided not to interfere with the impugned order.

The C.E.O also filed an appeal under section 485 of the Companies Ordinance, 1984 read with Section 34 of SECP Act, 1997 before the Lahore High Court Rawalpindi Bench whereby stay order was granted to suspend the operation of above said impugned order.

The Board of Directors in the meeting held on 23 April 2014, after getting valuation at forced sale value of Rupees 72.007 million of said property from NAKMS Associates (Private) Limited, resolved that the right in property along with fixtures and fittings to be offered to the C.E.O on the basis of "first right of refusal" at the fixed floor price of Rupees 75.00 million. The Board further decided that an amount of Rupees 48.570 million be adjusted from interest free loan given by C.E.O and his close family members to the Company and the balance amount to be paid in three equal annual installments of Rupees 8.810 million commencing from 01 May 2015. Accordingly, agreement has been made between the Company and the C.E.O under the directions given by the Board of Directors of the Company.

	NOTE	2014 Rupees	2013 Rupees
16 LONG TERM INVESTMENTS - Held to Maturity			
Defense saving certificates		950,721	1,340,221
Term deposit receipts		643,000	643,000
		1,593,721	1,983,221
Less : Current portion shown under current assets	24	1,593,721	1,983,221
		-	-

16.1 These certificates and TDR's have been matured and are under lien with the banks against guarantees given to SNGPL on behalf of the Company.

17 DUE FROM RELATED PARTY

It represents receivable from C.E.O against sale of property as more fully explained in note 15. It carries no interest and is repayable in three years. In accordance with IAS 39 'Financial Instruments:Recognition and Measurement' this has been stated at present value using the discount rate of 9.94% per annum and the difference between the carrying amount and present value of expected future cash flows has been included in profit and loss account.

The maximum amount due from C.E.O at the end of any month during the year was Rupees 26.430 million.

		2014 Rupees	2013 Rupees
18	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores	1,458,691	1,178,989
	Spare parts	5,842,488	5,043,724
	Loose tools	39,288	14,201
		7,340,467	6,236,914
19	**STOCK-IN-TRADE**		
	Raw material	1,838,677	3,091,993
	Work-in-process	128,995	6,520,035
	Finished goods	1,907,524	6,567,260
		3,875,196	16,179,288

19.1 Stock in trade of Rupees 3.247 million (2013: Rupees 0.020 million) is valued at net realizable value.

19.2 The aggregate amount of write down of inventories to net realizable value recognized as an expense during the year was Rupees 0.592 million (2013: Rupees 0.054 million).

		2014 Rupees	2013 Rupees
20	**TRADE DEBTS**		
	Unsecured, considered good	567,120	-

Trade debts relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	Up to 1 month	103,038	-
	1 to 6 months	303,171	-
	More than 6 months	160,911	-
		567,120	-
21	**ADVANCES**		
	Considered good:		
	Employees - interest free	90,709	138,854
	Advances to suppliers	254,178	309,058
		344,887	447,912

22 SHORT TERM DEPOSITS

It represents amount recoverable from Messrs Fauji Foundation. The amount is considered good as the Court decided the case in favour of the Company on 10 June 1999. Fauji Foundation however, filed appeal before Honorable Lahore High Court, Rawalpindi Bench, against the aforesaid order, and provided bank guarantee of Rupees 2 million to the Court. Honorable Lahore High Court remanded the case to the Civil Court who decided against the Company. The Company has filed petition in Lahore High Court, Rawalpindi Bench, where the case is still pending.

		NOTE	2014 Rupees	2013 Rupees
23	**OTHER RECEIVABLES**			
	Considered good:			
	Advance income tax		2,387,549	6,194,700
	Sales tax refundable		5,096,330	4,998,530
	Export rebate and claims		134,667	134,667
	Others		91,374	159,500
			7,709,920	11,487,397

		NOTE	2014 Rupees	2013 Rupees
24	**SHORT TERM INVESTMENTS**			
	Term deposit certificates	24.1	100,000	100,000
	Fixed deposit certificate	24.2	1,222,042	-
	Current maturity of long-term investments	16	1,593,721	1,983,221
			2,915,763	2,083,221

24.1 These certificates have been matured and are under lien with the banks against guarantees given on behalf of the Company.

24.2 This represents fixed deposit certificate of Habib Metropolitan Bank Limited for a period of one year. Return on this certificate will be paid on maturity at the effective rate of 8.50% per annum. It is under lien with the bank against guarantee given on behalf of the Company.

		NOTE	2014 Rupees	2013 Rupees
25	**CASH AND BANK BALANCES**			
	With banks:			
	On PLS saving accounts	25.1	11,260	21,829
	On current accounts		54,292	282,181
			65,552	304,010
	Cash in hand		68,906	150,877
			134,458	454,887

25.1 The balances in saving accounts carry interest rates at the rate of 7.50% (2013: 6.00%) per annum.

			2014 Rupees	2013 Rupees
26	**SALES**			
	Local sales		440,605,092	45,179,109
	Less : Sales tax		11,782,974	833,025
			428,822,118	44,346,084

		NOTE	2014 Rupees	2013 Rupees Restated
27	**COST OF SALES**			
	Raw materials consumed	27.1	257,606,991	33,710,245
	Stores, spare parts and loose tools consumed		11,420,297	8,452,638
	Salaries, wages and other benefits		41,552,808	4,378,581
	Fuel and power		62,199,555	8,377,856
	Insurance		47,982	-
	Packing material consumed		7,462,810	1,075,690
	Repair and maintenance		1,448,055	1,917,782
	Other factory overheads		814,473	806,669
	Depreciation	14.1	13,340,377	15,851,071
			395,893,348	74,570,532
	Work-in-process			
	Opening stock		6,520,035	-
	Closing stock		(128,995)	(6,520,035)
			6,391,040	(6,520,035)
	Cost of goods manufactured		402,284,388	68,050,497
	Finished goods			
	Opening stock		6,567,260	-
	Closing stock		(1,907,524)	(6,567,260)
			4,659,736	(6,567,260)
	Cost of sales - own manufactured goods		406,944,124	61,483,237
	Cost of raw material sold		-	5,062,835
	Cost of sales		406,944,124	66,546,072
27.1	**Raw material consumed**			
	Opening stock		3,091,993	2,440,017
	Add : Purchases during the year		256,353,675	39,425,056
			259,445,668	41,865,073
	Cost of raw material sold		-	(5,062,835)
	Less : Closing stock		(1,838,677)	(3,091,993)
			257,606,991	33,710,245

		NOTE	2014 Rupees	2013 Rupees
28	**DISTRIBUTION COST**			
	Salaries, and other benefits		1,097,731	911,641
	Outward freight and handling		958,997	10,842
	Commission to selling agents		14,200	-
			2,070,928	922,483

		NOTE	2014 Rupees	2013 Rupees Restated
29	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits		5,964,684	4,724,009
	Rent, rates and taxes		1,068,000	1,068,000
	Printing and stationery		276,530	144,649
	Postage and telephone		460,040	398,038
	Traveling and conveyance		493,276	960,940
	Vehicles' running		1,402,911	1,245,227
	Entertainment		300,373	234,635
	Advertisement		94,590	103,150
	Legal and professional		730,990	923,366
	Fees and subscription		290,034	319,545
	Depreciation	14.1	1,708,878	1,883,380
			12,790,306	12,004,939
30	**OTHER EXPENSES**			
	Auditors' remuneration	30.1	535,000	530,000
	Donations	30.2	95,600	92,400
	Long outstanding receivables written off		-	206,090
			630,600	828,490
30.1	**Auditors' remuneration**			
	Audit fee		455,000	455,000
	Half yearly review		55,000	50,000
	Other certification		25,000	25,000
			535,000	530,000

30.2 There is no interest of any directors or there spouses in donees' fund.

		NOTE	2014 Rupees	2013 Rupees Restated
31	**OTHER INCOME**			
	Income from financial assets			
	Profit on deposits with banks		4,940	8,138
	Return on term deposit receipts		58,871	72,566
	Return on fixed deposit		81,042	-
	Gain on settlement of liabilities against assets subject to finance lease	6.1	-	30,002,889
	Gain on settlement of borrowings	5	126,997,676	-
	Long outstanding liabilities written back		490,577	72,457
			127,633,106	30,156,050
	Income from non-financial assets			
	Gain on settlement of advance against property	15	20,148,876	-
	Gain on sale of property, plant and equipment		-	168,000
	Rental income		3,036,000	2,841,216
			23,184,876	3,009,216
			150,817,982	33,165,266
32	**FINANCE COST**			
	Mark-up on:			
	Long term financing		7,773,931	10,732,368
	Liabilities against assets subject to finance lease		214,388	1,616,569
	Deferred mark-up		393,130	527,327
	Short term borrowings		6,371,461	11,932,518
			14,752,910	24,808,782
	Bank charges and commissions		578,533	42,226
			15,331,443	24,851,008

33 EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation was carried out as at 30 June 2014, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	2014 Rupees	2013 Rupees Restated
Balance sheet obligation for gratuity		
Present value of unfunded defined benefit obligation	8,970,509	8,115,091
Movement in liability recognized in the balance sheet		
At the beginning of the year	8,158,433	8,115,091
Current service cost	337,699	391,580
Interest cost	312,546	354,699
Charge to other comprehensive income	1,164,451	(149,097)
Benefit paid during the year	(1,002,620)	(553,840)
At the end of the year	8,970,509	8,158,433
Amount recognized in profit and loss account		
Current service cost	337,699	391,580
Interest cost for the year	312,546	354,699
	650,245	746,279
Changes in present value of defined benefit obligations		
Present value of defined benefit obligations	8,158,433	8,115,091
Current service cost	337,699	391,580
Interest cost for the year	312,546	354,699
Benefits paid during the year	(1,002,620)	(553,840)
Remeasurement due to change in demographic assumptions	(3,904)	-
Remeasurement due to experience adjustment	1,168,355	(149,097)
	8,970,509	8,158,433
Allocation of charge for the year		
Cost of sales	152,061	99,067
Distribution cost	226,088	270,841
Administrative expenses	272,096	376,371
	650,245	746,279
Principal actuarial assumptions used		
Discount rate	12.00%	10.50%
Expected rate of increase in salary	11.00%	9.50%
Average expected remaining working life of employees	9 Year	8 Year

Experience adjustment on plan unfunded liabilities:

2014	2013	2012	2011	2010
----------	----------	Rupees	----------	----------
1,168,355	(149,097)	881,334	-	(1,967,978)

The expected gratuity expense for next financial year is Rupees 716,681.

	NOTE	2014 Rupees	2013 Rupees Restated
34 TAXATION			
Current year			
Current	34.1	(4,288,221)	(249,122)
Deferred		1,834,236	(5,901,052)
		(2,453,985)	(6,150,174)

34.1 Provision for current tax was made on the basis of turnover because of taxable loss for the year and in view of available tax losses of Rupees 132.017 million (2013: Rupees 234.049 million). Consequently, tax expense reconciliation is not being presented.

35 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		2014	2013 Restated
There is no dilutive effect on the basic earnings / (loss) per share which is based on:			
Profit / (loss) attributable to ordinary shares - restated	(Rupees)	139,418,714	(33,791,816)
Weighted average number of ordinary shares	(Numbers)	3,052,429	3,052,429
Earnings / (loss) per share - restated	(Rupees)	45.67	(11.07)

		NOTE	2014 Rupees	2013 Rupees Restated
36	**CASH GENERATED FROM / (USED IN) OPERATIONS**			
	Profit / (loss) before taxation		141,872,699	(27,641,642)
	Adjustments for non-cash charges and other items:			
	Depreciation		15,049,255	17,734,451
	Provision for gratuity		650,245	746,279
	Gain on settlement of advance against property		(20,148,876)	-
	Gain on sale of property, plant and equipment		-	(168,000)
	Long outstanding receivables written off		-	206,090
	Finance cost		15,331,443	24,851,008
	Gain on settlement of borrowings		(126,997,676)	-
	Gain on settlement of lease liabilities		-	(30,002,889)
	Long outstanding liabilities written back		(490,577)	(72,457)
	Working capital changes	36.1	(5,157,483)	(4,900,577)
			20,109,030	(19,247,737)
36.1	**Working capital changes**			
	(Increase) / decrease in current assets:			
	Stores, spare parts and loose tools		(1,103,553)	(1,295,973)
	Stock in trade		12,304,092	(13,739,271)
	Trade debts		(567,120)	-
	Short term investment		(832,542)	-
	Advances		103,025	2,895,908
	Other receivables		(29,674)	40,966
			9,874,228	(12,098,370)
	(Decrease) / Increase in trade and other payables		(15,031,711)	7,197,793
			(5,157,483)	(4,900,577)

37 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive officer and directors of the Company are as follows:

	Chief Executive Officer		Directors	
	2014	2013	2014	2013
	----------Rupees----------			
Managerial remuneration	2,400,000	2,400,000	724,140	661,140
Allowances				
Utilities	24,235	-	76,740	69,740
Other allowances	91,008	-	-	-
	2,515,243	2,400,000	800,880	730,880
Number of persons	**1**	**1**	**2**	**2**

37.1 The Company also provides to Chief Executive Officer free use of the Company's maintained car, residential telephone, medical facility and residence to two directors.

37.2 The aggregate amount charged in the financial statements in respect of directors' meeting fee paid to 1 (2013:1) director was Rupees 25,000 (2013: Rupees 20,000).

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2014 Rupees	2013 Rupees
Close family members of C.E.O.		
Loan obtained during the year	-	1,936,105
Loan adjusted / paid	3,870,000	2,614,475
Mr. Habib Ullah - Chief Executive Officer		
Loan obtained during the year	24,507,350	29,649,700
Adjustment / payment against outstanding balance	70,031,890	17,182,134

39 PLANT CAPACITY AND ACTUAL PRODUCTION

	2014	2013
	(Numbers)	
Spindles installed	21,960	21,960
	(Kilograms)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1095 shifts (2013: 1095 shifts)	10,765,852	11,782,141
Actual production converted into 20's count based on 3 shifts per day for 867 shifts (2013: 240 shifts)	3,559,449	408,632

39.1 REASON FOR LOW PRODUCTION

The mill remained closed for 76 days during the year due to compulsory electricity and captive power gas load shedding and shortage of working capital.

40 NUMBER OF EMPLOYEES

	2014	2013
Number of employees as on 30 June	29	224
Average number of employees during the year	310	62

41 FINANCIAL RISK MANAGEMENT

41.1 **Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk as it has no receivables and payables denominated in foreign currency.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risks.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrumentwill fluctuatebecause of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Companys interest bearing financial instruments was:

	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipts	743,000	743,000
Defense saving certificates	950,721	1,340,221
Fixed deposit certificate	1,222,042	-
Financial liabilities		
Short term borrowings	23,694,006	70,287,251
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	11,260	21,829
Financial liabilities		
Long term financing	-	73,193,999

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 113 (2013: Rupees 731,722) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014 Rupees	2013 Rupees
Investments	2,915,763	2,083,221
Due from related party	13,918,838	-
Deposits	26,440,861	26,282,046
Trade debts	567,120	-
Advances	90,709	138,854
Other receivables	91,374	159,500
Bank balances	65,552	304,010
	44,090,217	28,967,631

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2014	2013
	Short term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	24,522	24,522
Askari Bank Limited	A1+	AA	PACRA	1,996	2,273
Bank Alfalah Limited	A1+	AA	PACRA	8,857	26,928
Habib Bank Limited	A-1+	AAA	JCR-VIS	298	118,431
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,380	37,812
MCB Bank Limited	A1+	AAA	PACRA	215	51,064
Faysal Bank Limited	A1+	AA	PACRA	917	917
Silk Bank Limited	A-2	A-	JCR-VIS	10,912	20,901
The Bank of Khyber	A-1	A	PACRA	983	-
Meezan Bank Limited	A-1+	AA	JCR-VIS	13,472	21,162
				65,552	304,010
Investments					
Silk Bank Limited - Term deposit receipts	A-2	A -	JCR-VIS	743,000	743,000
Habib Metropolitan Bank Limited - Fixed deposit certificate	A1+	AA+	PACRA	1,222,041	-
Defence Saving Certificates	A-1+	AAA	JCR-VIS	950,722	1,340,221
				2,915,763	2,083,221
				2,981,315	2,387,231

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 20.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through sponsors' support. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2014.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 years
		----------	Rupees	----------		
Non-derivative financial liabilities:						
Long term financing	72,207,691	110,087,244	7,000,000	4,500,000	9,500,000	89,087,244
Liabilities against assets subject to finance lease	1,650,471	1,658,531	1,658,531	-	-	-
Deferred mark-up	3,028,501	3,355,000	910,000	910,000	1,535,000	-
Trade and other payables	91,905,904	91,905,904	91,905,904	-	-	-
Short term borrowings	29,376,132	29,376,132	29,376,132	-	-	-
Accrued mark-up	54,868,148	54,868,148	54,868,148	-	-	-
	253,036,847	291,250,959	185,718,715	5,410,000	11,035,000	89,087,244

Contractual maturities of financial liabilities as at 30 June 2013.

	Carrying amount	Contractual cash flows	6 months or less	6-12 month	1-2 Year	More than 2 years
		----------	Rupees	----------		
Non-derivative financial liabilities:						
Long term financing	73,193,999	73,193,999	73,193,999	-	-	-
Liabilities against assets subject to finance lease	11,286,686	11,501,074	11,501,074	-	-	-
Deferred mark-up	4,455,371	5,175,000	910,000	910,000	1,820,000	1,535,000
Trade and other payables	104,053,298	104,053,298	104,053,298	-	-	-
Short term borrowings	127,363,917	127,363,917	127,363,917	-	-	-
Accrued mark-up	131,391,394	131,391,394	131,391,394	-	-	-
	451,744,665	452,678,682	448,413,682	910,000	1,820,000	1,535,000

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 5, 6 and note 11 to these financial statements.

41.2 **Fair values of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

41.3 **Financial instruments by categories**

	Loans and receivables	Held to maturity	Total
	-------------- Rupees ----------		
As at 30 June 2014			
Assets as per balance sheet			
Investments	-	2,915,763	2,915,763
Due from related party	13,918,838	-	13,918,838
Deposits	26,440,861	-	26,440,861
Trade debts	567,120		567,120
Advances	90,709	-	90,709
Other receivables	91,374	-	91,374
Cash and bank balances	134,458	-	134,458
	41,243,360	2,915,763	44,159,123

	Financial liabilities at amortized cost
	--------- Rupees --------
Liabilities as per balance sheet	
Long term financing	72,207,691
Liabilities against assets subject to finance lease	1,650,471
Deferred mark-up	3,028,501
Accrued mark-up	54,868,148
Short term borrowings	29,376,132
Trade and other payables	91,905,904
	253,036,847

	Loans and receivables	Held to maturity	Total
	----------- Rupees -----------		
As at 30 June 2013			
Assets as per balance sheet			
Investments	-	2,083,221	2,083,221
Deposits	26,282,046	-	26,282,046
Trade debts	-	-	-
Advances	138,854	-	138,854
Other receivables	159,500	-	159,500
Cash and bank balances	454,887	-	454,887
	27,035,287	2,083,221	29,118,508

	Financial liabilities at amortized cost
	--------- Rupees --------
Liabilities as per balance sheet	
Long term financing	73,193,999
Liabilities against assets subject to finance lease	11,286,686
Deferred mark-up	4,455,371
Accrued mark-up	131,391,394
Short term borrowings	127,363,917
Trade and other payables	104,053,298
	451,744,665

41.4 **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09,2014 by the Board of Directors of the Company.

43 CORRESPONDING FIGURES

No significant reclassifications of corresponding figures have been made.

44 GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE **DIRECTOR**

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **0000947**

2. Name of the Company **D.M. TEXTILE MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30/06/2014**

4. No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
169	1	100	8,879
78	101	500	21,901
36	501	1,000	30,183
36	1,001	5,000	74,074
15	5,001	10,000	107,078
2	10,001	15,000	26,558
3	20,001	25,000	65,610
2	30,001	35,000	63,475
1	35,001	40,000	35,500
3	40,001	45,000	131,364
1	65,001	70,000	65,026
1	95,001	100,000	100,000
1	110,001	115,000	110,587
1	135,001	140,000	136,152
1	145,001	150,000	145,224
2	150,001	155,000	301,700
2	175,001	180,000	354,837
1	260,001	265,000	263,508
1	300,001	305,000	301,267
1	335,001	340,000	336,614
1	370,001	375,000	372,892
358			**3,052,429**

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	1,310,747	42.9411%
5.2 Associated Companies, undertakings and related parties.	0	0.0000%
5.3 NIT and ICP	262	0.0086%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,474	0.0483%
5.5 Insurance Companies	0	0.0000%
5.6 Modarabas and Mutual Funds	336,614	11.0277%
5.7 Share holders holding 10% or more	973,014	31.8767%
5.8 General Public		
a. Local	1,364,047	44.6873%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
Joint Stock Companies	7,430	0.2434%
Pension Funds	30,775	1.0082%
Others	1,080	0.0354%

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2014

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	CDC -TRUSTEE NATIONAL NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	336,614	11.0277
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. HABIB ULLAH	636,400	20.8490
2	MR. HUSSAIN AHMAD QURESHI	177,689	5.8212
3	SYED UBED UL HAQ	66,826	2.1893
4	RAO KHALID PERVAIZ	177,648	5.8199
5	CHAUDHRY MUHAMMAD YASIN	500	0.0164
6	MR. HUSSAIN AHMED OZGEN	151,684	4.9693
7	MR. SHAHID AZIZ (NIT NOMINEE)	--	--
8	MRS. RIFFAT HABIB W/O HABIB ULLAH	100,000	3.2761
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		32,249	1.0565
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. HABIB ULLAH	636,400	20.8490
2	CDC -TRUSTEE NATIONAL NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	336,614	11.0277
3	MR. SAMI ULLAH	301,267	9.8697
4	MR. HUSSAIN AHMAD QURESHI	177,689	5.8212
5	RAO KHALID PERVAIZ	177,648	5.8199

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

KEY OPERATING AND FINANCIAL DATA

(Rupees in 000)

Period ended	30 June					
Particulars	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Assets employed						
Fixed Assets	774,198	787,975	821,976	863,162	910,723	936,515
Advance against property	-	51,150	51,150	51,150	51,150	51,150
Due from related party	13,918	-	-	-	-	-
Long term deposits/investments	24,440	24,282	24,828	34,772	44,169	24,385
Current assets	24,887	38,890	35,540	73,107	79,355	122,588
Total assets employed	**837,443**	**902,297**	**933,495**	**1,022,191**	**1,085,397**	**1,134,638**
Financed by:						
Shareholder's equity	(69,536)	(210,833)	(180,016)	(113,458)	(61,782)	(63,426)
Surplus on revaluation of fixed assets	571,747	573,920	576,267	561,788	573,662	557,542
	502,211	363,087	396,251	448,330	511,880	494,116
Long Term Financing	60,708	-	-	-	-	-
Long term liabilities	8,970	8,158	8,115	61,111	89,624	138,798
Deferred liabilities	66,533	70,813	66,818	85,968	109,600	108,511
Current liabilities	199,023	460,239	462,312	426,782	374,293	393,213
Total funds invested	**335,234**	**539,210**	**537,244**	**573,861**	**573,517**	**640,522**
Profit & (Loss)						
Turn over	428,822	44,346	27,242	831,952	982,345	549,766
Gross profit/Loss)	21,878	(22,200)	(26,096)	(14,193)	78,496	(8,658)
Operating profit/(loss)	157,204	(2,791)	(28,002)	(43,878)	59,654	(22,490)
Finance charges	(15,331)	(24,851)	(30,207)	(36,217)	(43,870)	49,957
Profit/(loss) before taxation	141,873	(27,642)	(58,209)	(80,095)	15,784	(72,446)
Profit/(loss) after taxation	139,419	(33,792)	(70,854)	(63,550)	15,796	(67,357)
Extra ordinary items	-	-	-	-	-	-
Net profit/(loss)	**139,419**	**(33,792)**	**(70,854)**	**(63,550)**	**15,796**	**(67,357)**
Actual production (M Kgs)	1.438	0.158	-	3.054	4.824	3.363
Converted into 20's (M Kgs)	3.559	0.409	-	7.270	11.703	9.371
Earning/(loss) per share	45.67	(11.07)	(23.21)	(20.82)	5.17	(22.07)
Spindles installed Nos.	21,960	21,960	24,840	24,840	31,632	33,552
Spindles worked Nos.	16,115	16,822	-	20,160	29,669	32,149
Shifts per day	3	3	-	3	3	3

PROXY FORM

I/We____

of____

in the district ______________________ being a member of **D.M Textile Mills Limited**

and holder of ____ ordinary shares as
(Number of Shares)

per share Register Folio No. _____________________________________Here

appoint_______________________________________of____________

another member of the company of failing him______________________________

of____

another member of the Company as my / our proxy to vote of me / us on my / our behalf at the Annual General Meeting of the Company to be held on Friday, October 31, 2014 at 5:00p.m or at any adjournment thereof.

Signed this ______________________day of ______________________2014

1. Witness:

   Signature ______________

   Name ______________

   Address ______________

Affix Revenue Stamps of Rs. 5/-

2. Witness:

   Signature ______________

   Name ______________

   Address ______________

____
Signature of Member

Shareholder's Folio No.__________

CDC A/c No.________________

NIC No.													

Note:

1. Proxies, in order to be effective, must be received at the company's Registered Office, Westridge, Rawalpindi. not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. CDC Shareholders are requested to br ing with them their National Identity Cards along with the Participants' ID numbers and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.